

Job Tax Credits – Tier 1 County and Less Developed Census Tract (LDCT)

For initial job creation threshold met in tax years beginning prior to January 1, 2009

- The Georgia Job Tax Credit Program falls under O.C.G.A. 48-7-40 and 48-7-40.1
- Eligible Business Enterprises must create at least five (5) net new jobs within a tax year and the new jobs must be full-time, permanent jobs of at least 35 hours per week
- New jobs must be offered health insurance; the employer does not have to pay for such insurance, just offer it
- The average wage of the new jobs created must pay above the average wage of the county with the lowest average wage in the state - as of July 2008 this is Echols County at \$415 per week or \$21,580 per year, per DOL Georgia Employment and Wages – 2008 Averages
- Jobs must be created in Year 1, then maintained in Year 2, before claiming the credit on the Year 2 tax return – for example, eligible new jobs created in 2008 and maintained in 2009 may be claimed for the first time on the 2009 tax return which will be filed in 2010
- Credit is claimed by filing *Form IT-CA (2008)* with the Georgia Corporate Income Tax return
- Credit may be applied against 100% of any corporate income tax liability on the Georgia Income Tax Return
- Excess credit may be applied against withholding

Withholding Tax Credits

- Job Tax Credit claimed against withholding (WH) may not exceed \$3,500 per job
- Credit must be first applied to any corporate income tax liability prior to claiming WH
- Carry forward credits may not be applied to withholding, nor may withholding be claimed on an amended tax return
- Credit is applied to future withholding tax returns
- No refund paid on withholding credits
- Credits not applicable to withholding (i.e. Joint Development Authority bonus, port credit; such bonus credits are only available to job tax credit claimed under a Tier 1 county and not in a LDCT) may be carried forward or flowed through to partners or shareholders (if applicable)

Claiming Withholding Credit

- Business must file *Form IT-WH* with the Department of Revenue (DOR) at least 30 days prior to the filing of the original tax return in which the credit will be filed and claimed
- DOR has 90 days to review once the return is filed
- Business will receive notice of approved credit and when to claim against WH
- Business will then apply credit to WH returns until fully utilized
- Withholding credit has no affect on employees
- Flow-through entities may elect to claim a specific portion of the credit against the entity's payroll withholding and flow the remaining credit through to shareholders, partners, or members. This is an annual election dependent upon the filing of *Form IT-WH*.

Form IT-CA (2008) and *Form IT-WH* may be obtained from the Department of Revenue web site at: <https://etax.dor.ga.gov/inctax/taxcredits.aspx>